



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

May 07, 2012

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fox Chase Bank  
Charter Number 702563

4390 Davisville Road  
Hatboro, PA 19040-2544

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory.**

The primary factors supporting the institution's rating include:

- The bank's loan-to deposit ratio is reasonable based on the institution's size, financial condition, and the assessment area's credit needs;
- FCB originated a substantial majority of its loans to borrowers within its assessment areas;
- FCB's borrower and geographic distribution reflects reasonable dispersion and penetration across borrower income-levels, and geographies; and
- FCB demonstrates adequate responsiveness to the community development needs in its assessment area (AA).

## **Scope of Examination**

Fox Chase Bank (FCB) was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The evaluation period under the Lending Test covers the bank's performance from January 1, 2009 through December 31, 2011, as this is representative of its lending strategy since the last CRA examination. The evaluation period for the community development loans, investments and services is from May 5, 2009 through May 7, 2012.

FCB's primary loan product is home mortgage loans. FCB reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to this evaluation, we tested the accuracy of FCB's HMDA data. The results of this testing indicated the data was reasonably accurate and could be relied upon. Therefore, we utilized the HMDA data from January 1, 2009 through December 31, 2011 for this evaluation. Community Development (CD) loans, investments, and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

Table S1 - Definition of Income Ranges Used in the Evaluation					
Income Category	Maximum Income in for Income Range				2010 Median Family Income (MFI)
	Low	Moderate	Middle	Upper	
% Range of MFI	<50%	50%-<80%	80%-<120%	≥120%	
Philadelphia PA MD	39,049	62,479	93,719	93,720	\$78,100
Ocean City N.J. MSA	35,049	56,079	84,119	84,120	\$70,100
Atlantic City-Hammonton, NJ MSA	35,549	56,879	85,319	85,320	\$71,100

## Description of Institution

Fox Chase Bank (FCB) is an independent, interstate savings bank, established in 1867, with its headquarters in Hatboro, Pennsylvania. Hatboro is located in southeastern Pennsylvania, approximately 25 miles north of center city Philadelphia, in eastern Montgomery County. As of December 31, 2011, FCB had total assets of \$1.018 billion and total capital of \$161million. FCB is a wholly owned subsidiary of Fox Chase Bancorp, Inc., a one-bank holding company headquartered in Hatboro, PA with consolidated assets of \$104.9 billion. Fox Chase Banks operations include the accounts of its wholly owned subsidiaries, Fox Chase Financial, Inc., Fox Chase Service Corporation, 104 S. Oakland Ave., LLC and Davisville Associates, LLC. Fox Chase Financial Inc. is a Delaware chartered investment holding company and its sole purpose is to manage and hold investment securities. Fox Chase Service Corporation is a Pennsylvania chartered company and its purposes are to facilitate the Bank's investment in PMA and, for regulatory purposes, to hold commercial loans. The Bank also owns approximately 45% of Philadelphia Mortgage Advisors ("PMA"), a mortgage banker located in Blue Bell, Pennsylvania and Ocean City, New Jersey.

As of December 31, 2011, FCB operates 11 full service offices in Chester, Montgomery, Philadelphia, Bucks, and Delaware counties in the state of Pennsylvania, and Atlantic and Cape May counties in the state of New Jersey. All branches with the exception of the Media Business Banking Center Branch located in Delaware County, Pennsylvania have on-site automated teller machines (ATM's). All branches with the exception of the Media Business Banking Center Branch, and the Ocean City Branch, (during the off season which is from Labor Day through Memorial Day.) offer extended Friday hours and Saturday morning hours. All branches with the exception of the Media Business Banking Center Branch offer drive-thru services. There were no branches opened or closed, and there were no mergers or acquisitions during the evaluation period.

FCB is a full service savings bank offering a standard range of retail banking, and commercial banking. Its retail services include checking accounts, savings programs, money-market accounts, certificates of deposit, consumer loan programs, and residential mortgages. Its commercial services include business checking accounts, money market accounts, commercial mortgages, lines of credit, and loans for

equipment or capital improvements.

As of December 31, 2011, FCB reported total loans of \$662 million or 65% of total assets. The balance sheet is comprised as follows:

Balance Sheet Component	Balance Sheet \$ Amount	% of Total Assets
<b>Loans</b>		
Residential Mortgage Loans	\$287,250	28%
Non-Residential Mortgage Loans	\$258,252	25%
Commercial Nonmortgage loans	\$110,487	11%
Consumer Loans	\$6,472	1%
<b>Total</b>	<b>\$662,461</b>	<b>65%</b>
<b>Investments</b>		
Mortgage backed Securities	267,637	26%
(Cash) 1	2,565	.25%
<b>Total Assets</b>	<b>\$1,018,097</b>	<b>100%</b>
<b>Liabilities &amp; Capital (LC)</b>		<b>% of Total LC</b>
Deposits	696,697	68%
<b>Total Liabilities</b>	<b>856,743</b>	<b>84%</b>
Paid in excess of Par Value	80,793	8%
Retained Earnings	80,570	8%
<b>Total Capital</b>	<b>161,354</b>	<b>16%</b>

Census Tract Income Category	Branch Distribution		Population Distribution	
	% of Branches	% of Deposits	% Branch Tracts	% in All Tracts <sup>2</sup>
Low	0%	0%	0%	11.42%
Moderate	0%	0%	0%	20.66%
Middle	64%	77.5%	34.08%	34.08%
Upper	36%	22.5%	33.64%	33.64%
NA				.19%
<b>Total #</b>	11	100%		100%

Competition is above average and includes local thrifts, community banks and branches of larger regional and national banks. FCB's main competitors are FIA Card Services, NA, ING Bank, FSB, TD Bank NA, Wells Fargo Bank, NA, Bank of America, NA, Sun National Bank, Sturdy Savings Bank, and Cape Bank.

1 If the institution holds a significant amount in cash, consider the reasons and implications. Discuss as appropriate.  
 2 Present the population distribution in Table T2, with the branch network distribution. Do not present the same data in Table D1.

There are no financial or legal impediments to hinder FCB's ability to help meet the credit needs of the communities it services.

FCB's last Public Evaluation (PE) dated May 4, 2009, was rated Satisfactory.

## **Selection of Areas for Full-Scope Review**

In each state where FCB operates a branch office and takes deposits, a sample of AAs within that state metropolitan area were selected for full-scope reviews. The Philadelphia metropolitan division (MD) in Pennsylvania and the Atlantic City-Hammonton, metropolitan statistical area in New Jersey were selected for full scope reviews. Refer to the "Scope" section under the state of Pennsylvania and the state of New Jersey for details regarding how the AAs were selected.

## **Ratings**

The bank's overall rating is a blend of state ratings. More weight was placed on Pennsylvania's state rating because 94 percent of the bank's deposits and 77 percent of the bank's lending volume originates in Pennsylvania.

FCB has three AA's. The state ratings are based primarily on those areas that received full scope reviews. Full-scope reviews were performed in the Philadelphia, Pa MD AA and the Atlantic city-Hammonton MSA AA as the bank's largest market share for loans and deposits are concentrated in these two areas. The bank's Ocean City NJ MSA AA was designated for limited-scope review as it generated comparatively less activity than the bank's other two AA's. Limited-scope reviews are considered to the extent that they were consistent or not consistent with the bank's performance in the full-scope AA's. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

## **Conclusions with Respect to Performance Criteria**

FCB's performance under the Lending Test is considered "Satisfactory". More weight was placed on FCB's performance in Pennsylvania as the majority of the bank's loans and deposit market share is generated in this state. FCB's loan -to-deposit ratio is reasonable and a substantial majority of the loans originated were inside the bank's AA. The geographic distribution of FCB's residential loans reflects a reasonable dispersion among geographies and the bank's borrower distribution reflects reasonable penetration among borrowers of different income-levels.

## **Loan-to-Deposit Ratio**

FCB's quarterly average net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of the AA. FCB's loan-to-deposit ratio meets the standards for satisfactory performance. The bank's quarterly average net loan-to-deposit ratio over the twelve quarters since the last CRA examination was 80.58%.

During this time period, the ratio ranged from a quarterly low of 71.39% to a quarterly high of 96.39%. FCB's quarterly average net loan-to-deposit ratio compares reasonably with other financial institutions of similar size. The quarterly average net loan-to-deposit ratio for financial institutions of similar size was 89.16% over the same 12 quarters. The ratios ranged from a quarterly low of 83.24% to a quarterly high of 97.22% during that time period.

### Lending in Assessment Area

A substantial majority of FCB's home mortgage loans were made within the bank's assessment area, and this exceeds the standard for satisfactory performance. During the evaluation period, 89.5% of the number and 82.9 % of the dollar amount of total home mortgage loans were made within the bank's assessment area. The following table details the bank's lending within the AA by number and dollar amount of loans.

Table C2 - Concentration of Thrift Loans Originated In and Outside of the Assessment Area <sup>3</sup>						
Loan Type <sup>4</sup>	% Inside Area		% Outside Area		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Mortgage Loans <sup>5</sup>	480	\$104,472	56	\$21,429	536	\$125,901

### Fair Lending or Other Illegal Credit Practices Review

"We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs."

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<sup>3</sup> Annual lending distributions are not required either by regulation, Interagency Q&A or agency policy. Only present annual breakdowns if you note significant trends in analysis of annual lending patterns. Narrative must explain the significance of those trends. Otherwise retain annual distributions in the workpapers.

<sup>4</sup> Reportable HMDA, small business or small farm loans. Non-reportable consumer loans.

<sup>5</sup> Delete inapplicable rows or insert additional row for each product type considered. Use percent of number and dollar for proportion inside or outside area, use numbers and dollars for totals. Make sure percentages inside and outside area total to 100.0%.

# State Rating

## State of Pennsylvania

### CRA Rating for State of Pennsylvania

**The Lending test is rated: Satisfactory**

**The Community development test is rated: Satisfactory**

The major factors that support this rating include:

- The lending test for the bank's AA in Pennsylvania showed adequate responsiveness to community credit needs. Lending to individuals of different incomes for home mortgage loans is good. Geographic distribution of home mortgage loans is adequate.
- The level of community development investments is adequate
- Community development lending had a positive effect on the rating; and
- The level of community development services is adequate.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN Pennsylvania

FCB operates eight branches throughout the Philadelphia, PA Metropolitan Division (MD) # 37964 in the state of Pennsylvania. The bank also operates ATMs at each branch location with the exception of the Media Business Banking Branch. These branches are located throughout five counties: Bucks, Chester, Delaware, Montgomery, and Philadelphia. These counties, in their entirety, constitute the bank's AA within the state. The area consists of the entire Philadelphia, PA MD and is comprised of 987 tracts, 121 of which are low-income, 192 are moderate-income, 326 are middle income and 330 are upper-income tracts. The remaining 18 tracts are not applicable (NA). Within the counties of the AA, the bank maintains a deposit market share of .17%. According to the FDIC Market Share Report dated June 30, 2011, Fox Chase Bank maintains eight offices within the AA (.17% market share). Fox Chase Bank's main competitors are FIA Card Services National Association, with one office, (21.92% market share), ING Bank FSB with one office, (19.65% market share), and TD Bank NA with 152 offices, (14.32% market share).

Refer to the market profile for the State of Pennsylvania AA below for detailed demographics and other performance context information.



Table D16 - Assessment Area Demographic Information								
Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	12.26%	121	12.6%	8.68%	16.58%	13.72%	\$31,519	48
Moderate	19.45%	192	21.9%	18.44%	27.51%	22.33%	\$64,125	45
Middle	33.03%	326	32.4%	33.17%	33.50%	30.90%	\$116,253	33
Upper	33.43%	330	32.9%	39.71%	22.41%	33.05%	\$207,783	21
NA	1.82%	18	.02%	0%	0%	.001%	\$3,499	27
<b>Total #</b>	<b>100%</b>	<b>987</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>\$124,584</b>	<b>33</b>

## SCOPE OF EVALUATION IN Pennsylvania

A full scope review was conducted on the bank's Philadelphia AAs as this AA is the only AA in the state of Pennsylvania. Thus ratings for the state of Pa. are based primarily on the results of this AA.

One community contact in this AA was contacted during this examination. The community contact was a local non-profit organization operating in the Philadelphia region. The organization's main focus is providing financial management plans to individuals and families and can work with mortgage companies on a borrower's behalf to avoid foreclosure. According to the contact approximately 65% of the organizations individual clients are low-to moderate-income families. The contact noted that she would like to see more promotions that encourage savings by local financial institutions including no-fee and low-fee checking accounts. She indicated that there are always opportunities for more participation from local financial institutions in promoting savings by low-and moderate-income individuals but that she has been satisfied so far. FCB was specifically mentioned as one of the local banks involved in supporting this organization.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Pennsylvania

### LENDING TEST

The bank's performance under the lending test in Pennsylvania is rated "Satisfactory". The bank exhibits satisfactory distribution of residential mortgage loans among borrowers of different income levels. The bank has satisfactory distribution of residential mortgage loans among low-and moderate-income geographies.

### Lending to Borrowers of Different Incomes

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6 Merges D1 and D2 data with data shifted to tables S1and T2.

FCB shows a reasonable penetration of residential loans among low-income borrowers and excellent penetration of residential loans among moderate-income borrowers. Compared to the percentage of AA's Aggregate loans, the bank was somewhat lower than the low income ratio but exceeded the moderate-income ratio in the AA. As of January 2012, the unemployment rate in the Philadelphia Pa MD AA was 8.8%. In addition, Philadelphia has a relatively high poverty level of 12.10% according to the 2000 U.S. census data. The weighted average of median housing was \$124,584. These factors affect the bank's ability to lend among lower income populations.

<b>Table B3 - Distribution of Thrift (Loan Type)7 Loans By Borrower Income Level in the Philadelphia Pa MD AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Family Distribution</b>	<b>% of Aggregate (or Peers)8</b>
Low	3.39%	1.35%	12.26%	6.97%
Moderate	16.95%	7.20%	19.45%	15.78%
Middle	23.73%	19.17%	33.03%	21.46%
Upper	47.46%	60.17%	33.43%	44.06%
NA	8.47%	12.11%	1.82%	11.74%
<b>Total # and \$</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: FCB HMDA Data 2009-2011, 2000 U.S. Census data

**Geographic Distribution of Loans**

FCB shows a reasonable dispersion of residential loans among low-and moderate-income geographies. Compared to the percentage of aggregate levels, the bank was lower than the low-income geography ratio. However, compared to the percentage of aggregate loans in moderate income levels in the AA, the bank was near to this ratio. In addition, the bank made one multi-family loan in both the low-and moderate-income geographies.

7 Indicate Reportable HMDA, small business or small farm loans. Non-reportable consumer loans. Separate table for each type of loan.

8 Use data, for example from other institutions' PEs, for identifiable similarly situated institutions in absence of reportable aggregate industry data.

<b>Table G4 - Distribution of Thrift (Loan Type)<sup>7</sup> Loans By Census Tract Income Level in the Philadelphia Pa MD AA</b>				
<b>Census Tract Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Owner Occupied<sup>9</sup></b>	<b>% of Aggregate (or Peers)<sup>8</sup></b>
Low	1.69%	4.29%	8.68%	6.97%
Moderate	10.17%	7.99%	18.44%	15.78%
Middle	38.98%	31.76%	33.17%	21.46%
Upper	49.15%	55.96%	39.71%	44.06%
NA	0%	0%	0%	11.74%
<b>Total # and \$</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: FCB HMDA date 2009-2011, 2000 U.S. Census data

## Responses to Complaints

During this evaluation period there were no complaints related to the bank's performance in meeting the credit needs of the AA.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Pennsylvania is rated "Satisfactory". Community development lending in Pennsylvania had a positive effect on the overall CRA performance. Together qualified investments and loans total approximately \$11.3 million or 7.3% of tier 1 capital.

### Number and Amount of Community Development Loans

The bank originated 17 loans in Philadelphia Pa MD AA totaling \$10.5 million during the evaluation period. Community development loans were distributed among various projects including economic development initiatives, community service programs and affordable housing project financing.

### Number and Amount of Qualified Investments

The bank made 22 qualified investments and contributions totaling \$785 thousand during 2009-2011 in the Philadelphia Pa MD AA. Investments consist of securitized mortgages purchased from an agency which financed residential loans made in low-and moderate-income areas or to low-and moderate-income borrowers and a community development investment fund which provides funding to both residential and business development loans in low-and moderate income geographies. Contributions were made both from the bank and an affiliate charitable foundation to organizations that provide healthcare, human services, and affordable housing for low-and moderate-income

<sup>9</sup> Another demographic may be applicable, for example, percent of 1-4 family dwellings for a single family lender, multifamily housing units for a multifamily lender, or percent of census tracts, population, families, small business or small farms by tract income category depending on loan type.

individuals and geographies.

### **Extent to Which the Bank Provides Community Development Services**

During the evaluation period in the Philadelphia Pa MD AA, four officers and employees provided technical services and support to four qualified community development organizations. In addition, 13 officers provided 5 financial seminars both on and off-site to help low-and moderate-income individuals improve their personal and household finances .

### **Responsiveness to Community Development Needs**

Given the bank's capacity and availability of community development opportunities in the AA the bank demonstrates adequate responsiveness to community development needs in its AA through community development loans, qualified investments and community services.

## **State Rating**

### **State of New Jersey**

**CRA Rating for New Jersey: Satisfactory**

**The Lending test is rated: Satisfactory**

**The Community development test is rated: Satisfactory**

The primary factors supporting this rating are:

- Outstanding borrower distribution of residential mortgage loans to low-and moderate income borrowers; and
- Satisfactory geographic distribution of residential mortgage loans given the nature of the assessment area; and
- A Satisfactory level of community development participation through the bank's involvement in CD Loans, investments and services that reflect adequate responsiveness to needs of the community.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN New Jersey**

FCB operates three branches in the state of New Jersey. FCB operates two branches in Cape May County, New Jersey, which makes up the entire Ocean City N.J., MSA #36140 and one branch in Atlantic County New Jersey, which makes up the entire Atlantic City-Hammonton, N.J., MSA #12100. The bank also operates ATMs at each branch location. FCB's Ocean City NJ MSA AA consists of all of Cape May County and

is comprised of 24 census tracts, none of which are low-income, six are moderate-income, 12 are middle income and 6 are upper-income tracts. Within this AA, the bank maintains a deposit market share of .86%. According to the FDIC Market Share Report dated June 30, 2011, Fox Chase Bank maintains two offices within the AA (.86% market share). Fox Chase Bank's main competitors are Sturdy Savings Bank, with eight offices, (16.30% market share), Cape Bank with seven offices, (13.89% market share), and Crest Savings Bank with eight offices, (11.38% market share).

FCB's Atlantic City-Hammonton NJ MSA AA consists of all of Atlantic County and is comprised of 63 census tracts, four of which are low-income, 11 are moderate-income, 36 are middle income and 11 are upper-income tracts. The remaining one tract is not applicable (NA). Within the Atlantic City-Hammonton NJ MSA AA, the bank maintains a deposit market share of .66%. According to the FDIC Market Share Report dated June 30, 2011, Fox Chase Bank maintains one branch office within the AA (.66% market share). Fox Chase Bank's main competitors are Sturdy T.D. Bank, with eight offices, (19.32% market share), Wells Fargo National Association with nine offices, (16.98% market share), and Bank of America with 13 offices, (12.23% market share).

Refer to the market profile for the Atlantic City AA below for detailed demographics and other performance context information.

Table D110 – Atlantic City-Hammonton NJ MSA Assessment Area Demographic Information								
Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	6.35%	4	5.05%	.98%	12.31%	2.49%	\$67,639	27
Moderate	17.46%	11	15.71%	9.67%	28%	12.71%	\$107,513	29
Middle	57.14%	36	62.20%	66.07%	53.6%	64.31%	\$118,977	21
Upper	17.46%	11	17.02%	23.25%	6.09%	20.47%	\$156,382	19
NA	1.59%	1	.02%	.04%	0%	.03%	\$112,500	35
Total #	100%	63	100%	100%	100%	100%	\$120,946	22

Source: 2000 U.S. Census data

Refer to the market profile for the Ocean City AA below for detailed demographics and other performance context information.

Table D111 –Ocean City NJ MSA Assessment Area Demographic Information								
Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	0%	0	0%	0%	0%	0%	\$0	0
Moderate	25%	6	19.13%	21.44%	27.96%	17.73%	\$83,638	31
Middle	50%	12	46.57%	50.49%	55.14%	45.77%	\$154,043	24
Upper	25%	6	34.30%	28.06%	16.90%	36.50%	\$284,889	12
NA	0%	0	0%	0%	0%	0%	\$0	0
Total #	100%	24	100%	100%	100%	100%	\$185,643	21

Source: 2000 U.S. Census data

## SCOPE OF EVALUATION IN New Jersey

The Atlantic City-Hammonton NJ MSA AA received a full-scope review and the Ocean City NJ MSA AA received a limited-scope review. The New Jersey state ratings are based primarily on results of those areas that received full-scope reviews.

The Atlantic City-Hammonton NJ MSA AA represented Seventy-eight percent of the bank’s lending and fifty-nine percent of the savings deposits in the state of New Jersey. A limited-scope review was performed in the Ocean City NJ MSA AA as the bank generated less activity in this AA. The Ocean City NJ MSA AA represents eighteen percent of the lending volume and forty two percent of the deposits in the state.

One community contact was contacted during this examination. The community contact was a local organization operating in the Atlantic, Cape May and Cumberland county region. The organization works to provide housing and unemployment services to individuals and families in need. According to the community contact there is always a need for housing loans to low-income borrowers. The contact also stated that the individuals his organization works with are not interested in mortgage loans but are usually in need of housing in general. FCB was mentioned as one of the local banks in the area specifically involved in supporting this organization’s various events.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN New Jersey

### LENDING TEST

The bank’s performance under the lending test in New Jersey is rated “Satisfactory”.

The bank exhibits excellent distribution of residential mortgage loans among borrowers of different income levels. The bank has a satisfactory distribution of residential mortgage loans among low-and moderate-income geographies.

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11 Merges D1 and D2 data with data shifted to tables S1and T2.

## Lending to Borrowers of Different Incomes

### Atlantic City-Hammonton NJ MSA AA

FCB shows excellent penetration of residential loans among low-and moderate income borrowers. Compared to the percentage of AA aggregate loans, the bank exceeded the low-and moderate-income ratios in this AA. This is outstanding when considering as of January 2012, the unemployment rate in the Atlantic City-Hammonton NJ MSA AA was fourteen percent. In addition, the Atlantic City-Hammonton NJ MSA AA exhibits a relatively high poverty of over ten percent according to the U.S. Census Data. The weighted average if median housing was \$120,946.

<b>Table B3 - Distribution of Thrift (Loan Type)<sup>12</sup> Loans By Borrower Income Level in the Atlantic City-Hammonton NJ MSA AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Family Distribution</b>	<b>% of Aggregate (or Peers)<sup>13</sup></b>
Low	8%	1.35%	6.35%	4.7%
Moderate	20%	10.7%	17.46%	16.16%
Middle	16%	7.12%	57.14%	21.48%
Upper	48%	68.25%	17.46%	42.40%
NA	8%	12.57%	1.59%	15.27%
<b>Total # and \$</b>	100%	100%	100%	100%

Source: FCB HMDA Data 2009-2011, 2000U.S. Census data

### Ocean City NJ MSA AA, Limited Scope

Based on limited-scope reviews, the bank's performance under the lending test in the Ocean City NJ MSA AA is inconsistent with full-scope areas for borrower distribution of loans. Ocean City NJ MSA has poor penetration among low- income borrowers for residential loans and reasonable penetration among moderate-income borrowers. However, because of the small number of home mortgage originations made during the evaluation period, this performance did not weigh heavily on the bank's state rating.

## Geographic Distribution of Loans

### Atlantic City-Hammonton NJ MSA AA

FCB shows a reasonable dispersion of residential mortgage loans among moderate-income geographies. Compared to the percentage of aggregate loans located in the

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<sup>12</sup> Indicate Reportable HMDA, small business or small farm loans. Non-reportable consumer loans. Separate table for each type of loan.

<sup>13</sup> Use data, for example from other institutions' PEs, for identifiable similarly situated institutions in absence of reportable aggregate industry data.

moderate-income geographies in the AA. The bank was near to this ratio. FCB shows a poor dispersion of residential mortgage loans among low-income geographies as it did not make any loans in these geographies. However, there are only 4 low-income census tracts located in this AA. In addition, the percent of owner occupied units and the percent of aggregate loans represent less than 1 percent of owner occupied units and percentage of aggregate loans at .98% and .57% respectively.

Table G4 - Distribution of Thrift (Loan Type) <sup>7</sup> Loans By Census Tract Income Level in the Atlantic-Hammonton NJ MSA AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied <sup>14</sup>	% of Aggregate (or Peers) <sup>8</sup>
Low	0%	0%	.98%	.57%
Moderate	4%	21.19%	9.67%	5.77%
Middle	16%	45.84%	66.07%	63.67%
Upper	32%	32.97%	23.25%	29.97%
NA	0%	0%	.04%	.02%
<b>Total # and \$</b>	100%	100%	100%	100%

Source: FCB HMDA Loans 2009-20011, 2000 U.S. Census Data

### Ocean City NJ MSA AA, Limited Scope

Based on limited-scope reviews, the bank’s performance under the lending test in the Ocean City NJ MSA AA is not inconsistent with full-scope areas for geographic distribution of loans. Ocean City NJ MSA has no low-income census tracts and had a reasonable penetration in moderate-income census tracts. However, because of the small number of home mortgage originations made during the evaluation period in this AA, this performance did not weigh heavily on the bank’s state rating.

### Responses to Complaints

Neither the bank nor the OCC received any CRA related complaints during the evaluation period.

### COMMUNITY DEVELOPMENT TEST

The bank’s performance under the community development test in New Jersey is rated “Satisfactory”.

The bank’s performance under the community development test in New Jersey is rated “Satisfactory”. Community development lending had a neutral effect on the overall CRA performance. Together qualified investments and loans total approximately \$2.06 million

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<sup>14</sup> Another demographic may be applicable, for example, percent of 1-4 family dwellings for a single family lender, multifamily housing units for a multifamily lender, or percent of census tracts, population, families, small business or small farms by tract income category depending on loan type.



or 1.31% of tier 1 capital.

### **Number and Amount of Community Development Loans**

The bank originated 4 community development loans in the Atlantic City-Hammonton NJ MSA AA totaling \$704 thousand during the evaluation period. These loans were distributed among various projects including economic development and for affordable housing project financing.

The bank originated 3 community development loans in the limited scope Ocean City NJ MSA AA totaling \$810 thousand.

### **Number and Amount of Qualified Investments**

The bank made 7 qualified investments and contributions totaling \$289 thousand during 2009-2011 in the Atlantic City-Hammonton NJ MSA AA. Investments consist of securitized mortgages purchased from an agency which financed residential loans made in low-and moderate-income areas or to low-and moderate-income borrowers. Contributions were made both from the bank and an affiliate charitable foundation to organizations that provide healthcare, human service, and affordable housing for low-and moderate-income individuals and geographies. This performance is considered reasonable when considering the bank's limited presence with only one branch within this AA.

The bank made 1 qualified investment totaling \$234 thousand during 2009-2011 in the limited scope Ocean City NJ MSA AA. There were no qualifying contributions made during the evaluation period. This performance did not weigh heavily on the bank's state rating.

### **Extent to Which the Bank Provides Community Development Services**

During the evaluation period, in the Atlantic City-Hammonton NJ MSA 1 employee provided technical services and support by serving on the board of directors of a non-profit organization which provides housing for homeless veterans.

In the limited scope Ocean City NJ AA 1 employee provided technical services and support by serving on the board of directors of a non-profit organization which provides housing and treatment services for mentally ill low-and moderate-income patients. However, because of the limited scope in this AA, this performance did not weigh heavily on the bank's state rating.

### **Responsiveness to Community Development Needs**

Given the bank's limited branches, capacity, and availability of community development opportunities in the full-scope AA the bank demonstrates adequate responsiveness to community development needs in this AA through community development loans, qualified investments and community services.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: January 1, 2009 to December 31, 2011 Community Development Test: May 7, 2009 to May 4, 2012	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Fox Chase Bank Hatboro, PA 19040-2544	retail mortgage loans, community development loans, investments and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Fox Chase Bank Charitable Foundation	Affiliate	CRA Grants/Contributions
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Pennsylvania Philadelphia , Pa. MD AA #37964	Full-Scope	
New Jersey Atlantic City-Hammonton, NJ MSA AA #12100	Full-Scope	
Ocean City, NJ MSA AA #36140	Limited-Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Fox Chase Bank	Satisfactory	Satisfactory	Satisfactory
Pennsylvania	Satisfactory	Satisfactory	Satisfactory
New Jersey	Satisfactory	Satisfactory	Satisfactory